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Office of Transition Initiatives **COMMUNITY COHESION INITIATIVE** **ANNUAL REPORT OCTOBER 2012 – SEPTEMBER 2013**

OTI MISSION STATEMENT

To support U.S foreign policy objectives by helping local partners advance peace and democracy in priority countries in crisis. Seizing critical windows of opportunity, OTI works on the ground to provide fast, flexible, short-term assistance targeted at key political transition and stabilization needs.

FAST FACTS

Start Date: March 2012
Budget: \$161 million (ceiling)
\$ 67,853,208 (to-date)

USAID/OTI

<http://www.usaid.gov>

PROGRAM DESCRIPTION

The United States Agency for International Development's (USAID) Office of Transition Initiatives (OTI) and Creative Associates International, Inc. (Creative) launched the Community Cohesion Initiative (CCI) in March 2012. CCI builds upon OTI's previous programming, the Afghanistan Stabilization Initiative (ASI). CCI's objectives during the reporting period were to increase community resilience* in areas vulnerable to insurgent exploitation by: (1) Strengthening ties between local actors, customary governance structures, and the Government of the Islamic Republic of Afghanistan (GIROA); (2) Increasing cohesion among and between communities.

During 2012-2013, CCI operated in 19 districts in Regional Command East (RC-E: Ghazni, Khost and Kunar provinces), Regional Command South (RC-S: Kandahar, Zabul and Uruzgan provinces), and Regional Command Southwest (RC-SW: Helmand province).

PROGRAM AREAS

CCI implements clusters of community-focused small grants in strategic districts based on a process-oriented approach designed to build Afghan ownership of decisions and results. In CCI programming, the project processes are as important as project outputs in contributing to the program's strategic goal of stabilization. This process utilizes both "soft" (support for Community Cohesion Jirgas and outreach visits by district government officials) and "hard" (construction of small-scale infrastructure) activities to strengthen linkages among and between members of vulnerable communities, their customary leadership and the GIROA at district and provincial levels. The increase in community cohesion is a critical step towards stability and resilience.

CCI relies on robust Monitoring and Evaluation (M&E) in addition to rolling assessments and biannual workplaning process. CCI's M&E system gathers information from multiple levels and sources to assess progress, learn and apply lessons. Inputs include self-monitoring, atmospherics and data from third parties (from activity outputs to the overall stability of an area), to measure programming success and provide information necessary to improve activities and inform assessments. CCI gathers situational awareness and a strategic analysis of CCI's areas of operations, in order to inform the development of provincial work plans which guide programming.

*The ability of people, households, communities, countries, and systems to mitigate, adapt to and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth. (USAID's Policy and Program Guidance: Building Resilience to Recurrent Crisis)

COUNTRY SITUATION

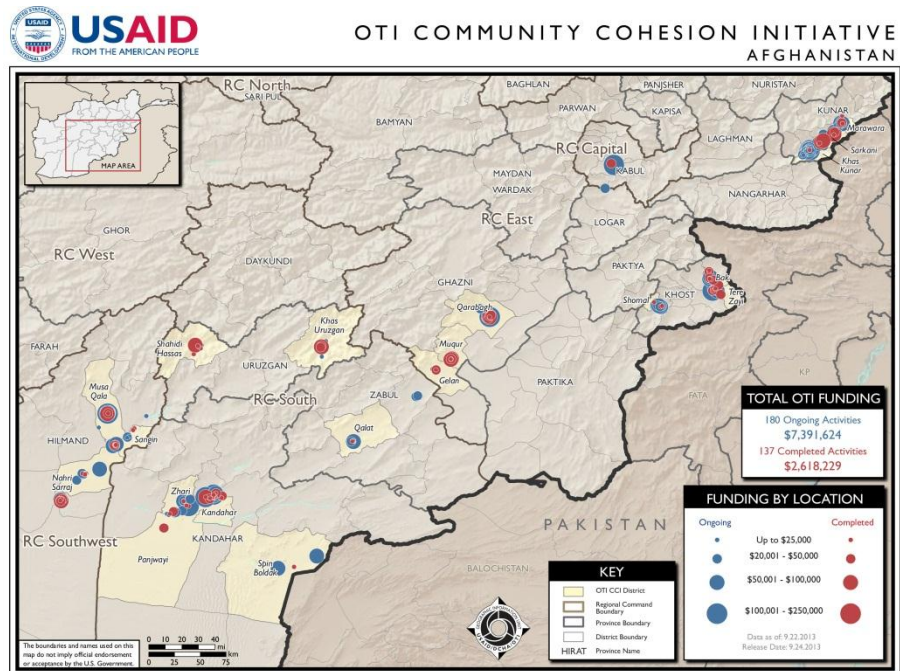
Programmatic Landscape

During 2012, Afghanistan experienced at least a 25 percent¹ steady decline in security-related incidents involving Anti Government Elements (AGEs). There were contradictory views on the cause of the trend; on one hand it was attributed to capacity degradation of AGEs, while others suggested a 'proportionality of effort' on the part of AGEs to ensure that their actions were relevant to the threat level posed by Afghan National Security Forces (ANSF) and International Security Assistance Forces (ISAF). Similarly, there is also a view that AGEs possess resources to ramp up to previous levels of violence, but they simply stood down or pursued other strategic priorities.

The trend was reversed in 2013. In the first quarter, the number of attacks increased by 47 percent², with the East, South East and South West bearing the brunt in what appears to be AGE attempts to consolidate in their traditional strongholds. The 2013 trends suggest AGEs have refocused their strategies to prioritize local government and ANSF targets. UNAMA reports that civilian deaths jumped 16 percent in the first eight months of 2013, with AGEs continuing to deliberately target civilians. UNAMA also reports increasing numbers of civilian casualties occurring as a result of crossfire between AGEs and ANSF.

The delays to the still-unsigned Bilateral Security Agreement have raised concerns towards the sustainability of a stable, peaceful and unified Afghanistan. This uncertainty has been compounded by AGEs' efforts to consolidate gains, concurrent with their increasing rhetoric, threatening disruption of the upcoming elections in 2014.

The CCI program has continued to operate in this very fluid and non-permissive security environment with projects ongoing in some of the most insecure districts in the country. During the second quarter, a decision was made to close the CCI Expat office (AMTEX office) in Kandahar after which all CCI Expatriate and third country national (TCN) staff were relocated to Kabul. This resulted in increased reliance on Afghan national staff for program implementation and field-level oversight. New initiatives, practices and procedures were rolled out to ensure safety and security for field staff, which included a reconfiguration of the Edinburgh International security contract for the provision of Risk Management services. Following a revision of CCI strategy in July 2013, a realignment and staffing retrenchment occurred, resulting in the redundancy of 90 staff and the closure of the two provincial offices of Zabul and Uruzgan in September 2013. Despite this upheaval and the underlying security constraints, the CCI Program staff has continued to be innovative and resourceful in navigating a path for programmatic success.

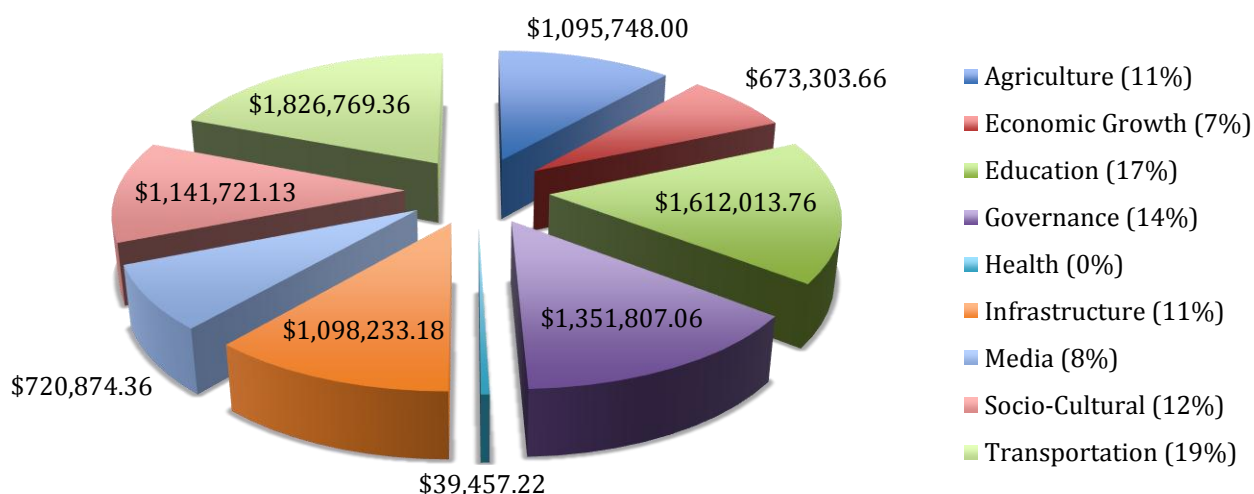


PROGRAM HIGHLIGHTS

During the reporting period -- October 1, 2012 to September 30, 2013 -- CCI has designed and developed:

TYPE	NUMBER	EST. COST	AMT.DISBURSED	COMPLETED	CLOSED
In-Kind Grants	308	\$8,798,824.46	\$2,563,246.96	77	61
Cash Grants	9	\$475,771.29	\$63,306.32	0	0
DDGS	8	\$285,332.73	\$86,319.50	1	1
STTA	3	\$202,480.27	00	0	0
TOTAL:	328	\$9,762,408.75	\$2,712,872.78	78	62

Total Estimated Activity Costs by Sector



The real measure of CCI's success is the people and communities it touches. CCI's core methodology relies on participation by communities where we work including marginalized groups such as women and youth – and by facilitating interaction between Afghan citizens and their government officials.

COMMUNITY PARTICIPATION:

Number of Project Shuras Held	124
Number of Shura Held with Female Participants	30

TARGET BENEFICIARY IMPACT:

Number of Activities Targeting Women & Girls	16
Number of Female Beneficiaries	15,521
Number of Female Youth Beneficiaries	8,263
Number of Male Youth Participants	17,351

GIRoA PARTICIPATION:

Number of Community/GIRoA Events Facilitated by CCI	464
Number of GIRoA Officials Engaged in CCI Activities	524
Number of Female GIRoA Officials Engaged in CCI Activities	96

ACHIEVEMENTS & MAJOR ACTIVITIES

CCI made significant progress during 2013. The number of cleared activities rose dramatically from 11 activities cleared in October 2012 to 321 activities cleared as of September 30, 2013; pushing the program towards achieving its national objectives. CCI's carefully planned community and district interventions and approach of involving GIRoA local officials and traditional leaders in the majority of activities has played a significant role in ensuring successful activity outcomes at the local level, and fostering better relationships between GIRoA and communities. GIRoA officials and community members, at times skeptical and wary of outsider involvement in local affairs, have benefitted from the cohesive capital and dividends of CCI's small-scale interventions and over the year have become more actively involved in almost all aspects of CCI's programming. CCI has observed local community and government partners coming together to utilize available resources to respond to, withstand, and mitigate the effects of adverse situations, malign influences, and community grievances.

CCI's most notable achievements in the reporting period have been:

Community Cohesion Jirgas and Project Shuras strengthened relationships between communities and GIRoA: Jirgas are customary mechanism by which Afghanistan's rural communities make decisions regarding internal conflicts, mobilization of resources, and cooperation with outside parties. In its programmatic areas, CCI has identified and, where viable, revived and strengthened the customary community jirgas with three goals in mind: 1) to begin the process of strengthening ties between marginalized or aggrieved constituencies and local governments; 2) to enable grassroots identification of community priorities from potentially marginalized groups that previously had little or no say in development efforts; and 3) to provide CCI with vital information regarding local challenges and potential resiliencies. These jirgas were occasions for government officials - in particular, District Governors - to initiate dialogue with community stakeholders (most often, elders, youth, and farmers) regarding stability and development. Initial engagements laid the foundation for stronger interactions as CCI incorporated project shuras in the design and delivery of most activities. These shuras were comprised of grantees (usually GIRoA), community elders and beneficiaries, with CCI staff providing technical guidance. Shuras continued the engagement between groups, ensured project oversight and became the foundations of stronger ties between local actors and GIRoA. Participants report that the mechanism has provided a venue for cooperation and sense of ownership for communities, enabling them to resist direct threats to the project and community from nefarious influences.



Saaed Mohammad applied the newly learned farming techniques on his grape crop and returns were remarkable. His production increased by 7% in comparison to the previous year and so did the profits, given the newly acquired marketing knowledge. Saaed Mohammad expects that he will have even better harvests next year, "I have never been in a better financial situation, now I can invest more in better tools and get better harvests in the coming years." (Full Story Annexed)

In twenty-one CCI-facilitated jirgas, the result was improved relationships and renewed confidence in the responsiveness of local government. CCI learned from its District Governor partners of a number of instances where previously unwilling communities engaged with GIRoA officials on a more regular basis. CCI and grantees saw that recruiting volunteer laborers for small-scale infrastructure activities became easier, and in-kind community contributions became more generous and commonplace as communities saw tangible benefits from their cooperation with local governments. In Sarkani district in Kunar Province, district officials, local elders and community members formed a conflict resolution committee in the summer of 2013 and have since been meeting regularly to discuss peaceful solutions to disputes between the rival mountain and valley populations in the district. The March 2013 jirga in Nahri Sarraj, a conservative Helmand district, generated attendance in the hundreds: much more than anticipated and involving members of remote villages, including women, who funded their own transport and accommodation for the multi-day event. Communities held their own shura meetings before and after the planned jirga.

Small-scale infrastructure rehabilitations restore faith in government effectiveness and increases community cohesion: Instability and violence have either destroyed community infrastructure or hampered community maintenance of it. CCI-facilitated cohesion jirgas in all of CCI's areas identified the priority: infrastructure

improvements such as irrigation systems, road repairs, and school renovations. Disrepair of these common resources resulted in economic hardship, isolation, and/or disputes over limited resources that fueled community grievances. By implementing repair or renovation of these shared, visible, and productive resources, CCI's projects have not only addressed the common grievance, but also (by utilizing the project shura mechanism above) increased cooperation and cohesion among communities in identifying and addressing the issue, particularly in the contribution of volunteer labor. Additionally, the projects improved communities' perceptions about the government's ability to address the problems they faced. A key example of this was seen in Panjwayi District in Kandahar Province, where 350 families of the local Ishaqzai tribe were positively affected by CCI's culvert rehabilitation that resolved a long standing dispute about water distribution between rival community factions, prompted an increased sense of ownership of the improvement work, and gained in-kind community contributions in the form of voluntary labor and commitment to maintenance and even distribution of the irrigation water.

CCI's focus on economic development, livelihoods, media, and socio-cultural events (together considered "soft activities") were effective in engaging communities and achieving program impact.

Improved farming techniques improve yields for farmers: The Afghan economy is mainly agriculture-based. Identifying that farmers are unable to yield maximum potential from their lands due to lack of knowledge about modern farming techniques and packaging and marketing skills, CCI supported local government with five separate activities to organize extensive trainings for farmers to introduce modern techniques in farming and marketing. These activities have benefited approximately 440 participants who rely on agriculture for their livelihoods and have already started reaping profits from increased production.

Vocational trainings create opportunities for productive self-employment and engagement: Forty-two percent of Afghanistan's population lives below the poverty line³. Low literacy levels and lack of skills are the greatest barriers for the population to engage in income-generating activities, creating opportunities for exploitation by anti-government elements who propagandize on the grievance. CCI has funded projects that serve to enhance economic and self-employment opportunities for community members through a number of vocational trainings: tailoring, carpentry, electrical repairs and fittings, embroidery, and beautician trainings (especially designed for women). The trainings became more significant when considering that a significant number of the trainees are women. CCI's surveys of participants indicated that many intended to immediately start their own businesses, even if from their home. Though economic results cannot be confirmed, the expressed hope indicates a significant program achievement.



With her newly acquired tailoring skill and the necessary equipment, Sakeena left the course with hope for the future. "This project has changed our lives completely. I am able to earn a respectable living and provide sufficiently for my children." She has set up a small shop in her backyard and with increasing numbers of clients Sakeena is expecting to put her son back in school, "where he belongs," according to his beaming mother. (Full Story annexed)

Education: a common priority: Basic facilities and teaching staff capacity are essential requirements for quality education. CCI has heeded communities' expressed prioritization of educational improvements and rehabilitated 14 school buildings to provide safe learning environments for children. CCI's provision of Kankor Exam preparation trainings has also demonstrated government support to youth priorities. Kankor is a standardized university entrance test designed to evaluate a student's knowledge in Science, Mathematics, Social studies and English. Of the eight Kankor Exam preparatory trainings in CCI's provinces, a total of 3170 students attended, out of which 550 were females. Oversubscription to the courses has been common. An example in District Muqur had planned to provide training to 150 high school students but 700 attended the training regularly, causing the grantee and service provider to modify the training into five shifts.

³ Poverty Portal-IFAD

Afghan youth take on leadership roles: Youth are important agents of resiliency in rural communities, but often lack opportunities for constructive engagement in society. Recognizing the importance for this disenfranchised section of the population; CCI established ten youth associations in its areas of operation. Associations are formed after extensive classroom and interactive group exercises to teach the basics of establishing an association, basic governance and management, identifying grievances, and improving their communication and advocacy skills to authorities. CCI's supported associations to recruit 1079 members, elect officers, and prepare terms of reference and for self-management. Youth Associations are now actively engaged in meaningful dialogue with GIRoA authorities and are establishing the capacity to become potential recipients of CCI grant support.

Socio-cultural events provide prolonged engagement and public recognition: CCI designed activities to encourage the sporting and artistic talents among young men and women in its target areas. CCI planned cricket, football and athletics through provincial and district governments, with events gaining phenomenal audiences and support among participating teams and spectators. Tournaments brought young men from disparate communities together for friendly interaction, while increasing their engagement with GIRoA representatives who spoke at events and personally congratulated players. In Helmand the engagement became stronger when CCI and the district government sponsored the winner of a body-building tournament to participate in the national-level competition. The competitor stood second in "Mr. Afghanistan" body building competition. Similarly, poetry contests and music concerts provided opportunities for young, talented, Afghan men and women to display their abilities to wide audiences in the provincial centers.



In District Muqur in Ghazni, when the Taliban attempted to prevent CCI from providing Kankor preparation classes to local high school students, a community delegation composed of elders and parents met with local insurgent leaders to emphasize their commitment to providing better educational opportunities to local teenagers, and the insurgents agreed to allow the activity to go ahead.

Programmatic Challenges

Insecurity in CCI's target districts and specific threats against CCI projects, participants, and staff remained ongoing challenges. In some districts approved program activities were held up for months due to threats by AGEs. Some improvement was seen recently in certain areas in the eastern region where community elders belonging to the project shuras took the lead to negotiate with AGEs to continue implementation of training and infrastructure activities.

In some areas, high rates of turnover among District and Provincial Governors and Departmental Line Directors have also negatively affected the implementation of CCI activities, as CCI struggled to compensate for the loss of GIRoA institutional memory in some districts. In addition, CCI faced a significant administrative burden in identifying, vetting and re-signing grant agreements with new awardees; a process that, due to a Mission Order vetting requirement, took in some instances up to 38 days, significantly delaying activities. CCI expects GIRoA turnover to be less of challenge in the year ahead, as CCI moves away from primarily granting to government entities and implements more grants through the community-based organizations it has identified and supported to date.

PROGRAM OPERATIONS

During the reporting period, a collective effort on the part of OTI and the Creative Program Management Team led to significant program operations improvements, addressing activity budgeting; activity justification and objectives; improved knowledge and use of the OTI Database; improved policies and associated implementation; and improved activity and financial reporting.

OTI and Creative jointly revised the Activity Cycle, provided training and guidance on preparing 'yellow-light' concept notes and activity packages, and structurally realigned and re-staffed significant portions of the program team. Two SRSs, district and provincial work planning and target setting significantly contributed to the acceleration of activity clearance and implementation. Results of these efforts started coming to fruition in October and November 2012, and in December the rate of clearances more-than doubled from the previous month. The most significant success points in the program for clearances were in February 2013, when the clearance rate reached 59, and in July 2013, with \$1.6m in grant funding obligated that month alone.

2012-2013 Major Tasks:

- Became fully operational, in all of CCI's areas of operations, including some of the most difficult districts in the country where operations and logistics were seriously hampered due to security risks. CCI extended security provision to local staff operating in/from provincial and district offices.
- Revised CCI's activity cycle to better reflect the realities of programming in these areas and better guide program teams.
- Held two SRS planning sessions in November 2012 and March 2013 to realign OTI and CCI teams; proposed robust strategic work-plans to guide CCI programming over the subsequent 3 and 6 month phases; recognize the changing environment in Afghanistan and adapt CCI's position to support the security draw-down and the political transition; unification of the program between two regions
- Trained all staff members on aims, mechanisms and processes, and as part of this established a dedicated training unit.
- Established an Investigations and Compliance unit, identifying, stemming and resolving possibilities of corruption and ensuring that, to date, no major instances of corruption have been identified on CCI.

CCI's focus on project implementation processes resulted in the revision of procurement and payment procedures; following a re-staffing of the procurement team, these procedures were disseminated and implemented across the program. As a result, disbursements in February 2013 quintupled from the preceding month, achieving the highest disbursement rate in the program to that date. In May 2013, the team started setting disbursement targets, increasing steadily to \$700,000 for the month of September 2013. CCI has exceeded agreed targets every month since June 2013.

Less tangible, but no less valuable, is the impact of the additional effort CCI has made to improve implementation process and management tasks. The greatest benefit of the fixed processes in place is that tasks can now be devolved downwards in the teams, providing space for decision makers to tackle more substantive and existential issues, such as overall program strategy and direction.

Operational Challenges

During the reporting period while the team channeled all their efforts towards accelerating program activities, certain challenges arose that contributed in slowing down or impeding the fast paced progress.

Structural Realignment and Staff Retrenchment: Obstacles to commencement of program activities in the start-up phase led to CCI's cumulative operational costs averaging higher than the spending on program activities, or Transition Activities Pool (TAP), since CCI had established a significant operational footprint and associated staffing. As activities and TAP disbursements picked up pace in 2013, CCI achieved a relatively better balance of operational and program (TAP) spending on a month-by-month basis. Despite this trend of improvement, the average expenditure of TAP was insufficient to balance the operational costs as an average across the program to date. This led to a structural realignment, involving a 'right-sizing' of CCI field staff. The impact of this process was the closure of the two provincial offices in Zabul and Uruzgan and a staffing reduction of 30% (90 staff), including the expatriate positions of Systems and Compliance Manager, M&E Director, and DCOP-Programs. With the exception of the DCOP Program position, which will be phased out in early 2014, all other positions were eliminated in September 2013. The full impact of the revised CCI organizational structure will not be felt until the next reporting period, since the majority of the redundancies took effect at the end of this reporting period. However, it is anticipated that with the expanding scale and scope of activities, an ongoing review of the realigned structure will be required.

Geographic realignment and Modifying Implementation Approaches: The need to address CCI's imbalance between programmatic expenditure and operational costs prompted an analysis of CCI's program offices relative to their contribution to program aims. It was concluded that the operational and logistical constraints of operating in both Uruzgan and Zabul drastically outweighed the benefits as CCI was facing severe hindrances in building the program because of staff hiring delays, obstructive GIRoA partners, and a lack of telecommunications, project monitoring and even the ability to move money and pay suppliers. Obstructions in Zabul proved more political and insurmountable, but those in Uruzgan more logistical. With OTI stating a desire to continue CCI program operations in Uruzgan, the OTI and Creative team began to explore the possibilities of a different model of programming through an implementing partner. With few potential partners likely to be able to operate effectively in Uruzgan, attention turned to the possibilities of sub-contracting GIZ International Services, who already had a small infrastructure program in Uruzgan. Discussions with GIZ began in July 2013 and despite immense efforts, OTI and Creative determined that Creative should not proceed with funding the subcontract to GIZ due to timeline, compliance issues and a shift in strategic priorities for the program.

Grantee and Procurement Vetting Process: On January 1, 2013, a USAID Mission Order determined that all awardees of USAID funding for grants and contract awards of over \$25,000 would be subject to a vetting process. According to the initial guidance, GIRoA recipients of in-kind assistance would not need to be vetted, however ambiguity persisted. In compliance with the Mission Order, in March 2013, CCI began vetting all awardees dating back to January 1, 2013. Between March and September 2013 CCI made over 250 submissions to the USAID vetting unit, which had a direct effect on the time for activity clearance and competitive procurement. More recently the vetting response timelines have improved, but in some cases CCI has had to wait up to 70 days to make an award, having a dramatically adverse effect on clearance, implementation and disbursement rates. In certain cases, the entire activity, weeks of work, needed to be cancelled. The most acute result was in April 2013, where both clearances and disbursements dropped to the lowest level of 2013. Moving forward, discussions are underway between CCI, OTI and the Vetting Unit with a view to making the processes more efficient.

Closing of the Kandahar Regional Office: The South Regional Office of CCI was housed in AMTEX: one of the last remaining secure compounds in Kandahar for expatriate-staffed programs. CCI's regional office housed three expatriate and TCN staff and 10 regional staff to oversee programs and operations in CCI's three southern provinces and one southwestern province. In October 2012, USAID implementers operating from AMTEX received notice that the compound was no longer viable for expatriate use, effective immediately. The abrupt notice prompted an immediate logistical operation to remove equipment, relocate staff and put in place systems of remote management for CCI programming. This caused an additional logistical burden of managing a team split between the main office in Kabul and the Kandahar Provincial office, disrupting the progress on activities for a period of time. The net result, however, has been positive as the program has benefitted from strengthened coordination with South Program Managers and the ease of being able to initiate conversation and resolve issues in Kabul. The program has since relied on capable Afghan managers to provide adequate oversight to provincial teams as well as to interact with senior management in Kabul on a regular basis.

THE WAY FORWARD

Management Review and Strategy Realignment: In June 2013 CCI benefitted from an experienced Management Review team consisting of senior officials from OTI and Creative Associates. The Management Review raised a number of leadership and managerial points to address, and suggested measures that could be implemented on a rolling basis. The CCI leadership both from Creative and OTI accepted the recommendations with enthusiasm and set about the immediate implementation.

Furthermore, the Management Review prompted an analysis of CCI's strategy in comparison with the rapidly changing Afghan security and political transition context, notably the upcoming elections. In a series of discussions facilitated by Ray Jennings from the OTI' "Bull-Pen" and James "Spike" Stephenson from Creative, CCI's strategy was redefined, plotting two paths: 1) a continuation of local-level, mostly infrastructure and capacity-building programming, building on the investment of CCI's community presence to-date; 2) using this as a foundation for larger national-level thematic areas of work addressing peaceful elections; inclusive dispute resolution; countering violence and extremism; analytics; and youth and women's inclusion. To this end, the newly formed Program Development Unit (PDU) is tasked with further developing national thematic areas of activity. With support from Creative HO technical specialists and in close coordination with USAID ODG and other stakeholders, the CCI

peaceful elections portfolio has started to take shape, with initial activities likely to commence in first quarter of 2013-2014.

Revised Program Objectives: A necessary result of redefining CCI's strategy was a revision of CCI's national and intermediate-level objectives and a re-design of the systems of proposing, processing and approving program activities. These systems are being tested and put in place in the approach to the upcoming SRS and subject to a validation process, will go live shortly thereafter. Both OTI and Creative have had significant input to the process of articulating and defining these objectives and are confident that they put CCI in a better position to support Afghanistan's transition through 2015.